

Message Text

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC NIACT IMMEDIATE 6840

INFO ALL EC CAPITALS

AMEMBASSY ANKARA IMMEDIATE

AMEMBASSY ATHENS

AMEMBASSY NICOSIA

C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 10314

USEEC

E.O. 11652: GDS

TAGS: EEC, PEPR, TU

SUBJ: US-EC CONSULTATIONS MAY 25: TURKEY

REF: COPENHAGEN 3369

1. SUMMARY: IN RESTRICTED SESSION DISCUSSION OF TURKEY
AT AMBASSADOR'S "POLITICAL TOPICS DINNER", COMMISSION
REPS BRIEFED U.S. SIDE ON PRIMIN ECEVIT'S VISIT TO EC
COMMISSION MAY 25. COMMISSION THINKS ECEVIT VISIT HAS
PAVED WAY FOR RESUMPTION OF NORMAL EC-TURKEY RELATIONS,
WHICH WERE IN DEEP FREEZE LAST 18 MONTHS. COMMISSION
TOLD ECEVIT TURKISH GOVERNMENT SHOULD RATIFY TWO EXISTING
EC-TURKEY FINANCIAL PROTOCOLS SO EC CAN BEGIN TO
DISBURSE APPROXIMATELY \$450 MILLION ASSISTANCE, PRE-
DOMINANTLY IN LOANS. ECEVIT AGREED THAT JOINT EXPERTS
GROUP SHOULD MEET IN MONTHS AHEAD TO BEGIN FORMULATING
PROJECTS FOR USE OF THESE FUNDS. ECEVIT TOLD EC
PRTBRNT JENKINS THAT TURKEY IS NOT OPPOSED TO GREEK EC
MEMBERSHIP, BUT IS CONCERNED GREECE WILL USE VETO TO
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TURKEY'S DISADVANTAGE ONCE GREECE BECOMES A MEMBER.
JENKINS PROMISED ON BEHALF OF THE NINE (REFTEL) THAT "THE
EC IS NOT PREPARED TO SEE GREECE BRING ITS DISPUTE WITH
TURKEY INTO THE EC." JENKINS AND ECEVIT DID NOT DISCUSS
CYPRUS. ECEVIT REPEATED NOW FAMILIAR LINE THAT AS
REGARDS MILITARY SUPPLIES, IT IS NOT SO MUCH U.S. AS
NATO THAT HAS FAILED TURKEY, AND SAID TURKEY MUST THUS

MOVE TOWARD SELF-RELIANCE. END SUMMARY.

2. IN INITIATING DISCUSSION OF TURKEY, EC COMMISSIONER HAFERKAMP SAID HE FOUND ECEVIT, WHOM HE HAD MET EARLIER IN DAY, TO BE "REASONABLE AND CONCRETE" IN DISCUSSING POSSIBILITY OF IMPROVED EC-TURKEY RELATIONS, AND THAT HE GOT NO IMPRESSION THAT ECEVIT WAS TRYING TO "INCREASE THE PRESSURE" ON THE COMMUNITY. HAFERKAMP THEN ASKED TICKELL, CHEF DE CABINET TO PRESIDENT JENKINS, TO GIVE THE GROUP AN ACCOUNTING OF ECEVIT'S PRIVATE TALK WITH JENKINS.

3. TICKELL SAID THAT JENKINS' MAIN OBJECTIVE IN THE MEETING WAS TO LAY THE BASIS FOR THE RESUMPTION OF NORMAL RELATIONS WITH TURKEY, NOTING THAT RELATIONS HAVE BEEN STRAINED FOR THE PAST 18 MONTHS. HE SAID JENKINS WAS SATISFIED THAT ECEVIT VISIT TO THE COMMISSION HAD ACHIEVED THAT END (HAFERKAMP CONCURRED). ACCORDING TO TICKELL, ECEVIT BEGAN WITH A LENGTHY ANALYSIS OF TURKISH ECONOMIC AND SOCIAL DIFFICULTIES. AS HE HAS FREQUENTLY DONE IN OTHER FORA, ECEVIT EMPHASIZED THAT TURKEY IS ONE OF THE FEW DEMOCRATIC, PLURALISTIC SOCIETIES IN THE DEVELOPING WORLD AND SUGGESTED THAT IT IS IN THE INTEREST OF OTHER FREE COUNTRIES TO EXTEND APPROPRIATE SUPPORT TO TURKEY. ECEVIT LAID HEAVY EMPHASIS ON THE IMPORTANCE OF RAISING LIVING STANDARDS IN TURKEY TO PREVENT UNMANAGEABLE
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POLITICAL UNREST AT SOME FUTURE DATE.

4. ECEVIT NOTED THAT IN TURKEY'S VIEW, THE EC-TURKISH ASSOCIATION AGREEMENT HAS NOT FULFILLED ITS ORIGINAL PURPOSE OF GIVING TURKEY PREFERRED TREATMENT IN WESTERN EUROPEAN MARKETS. ECEVIT SAID THAT UNDER THE COMMUNITY'S GLOBAL MEDITERRANEAN POLICY, THE EC HAS CONCLUDED AGREEMENTS WITH SEVERAL MEDITERRANEAN STATES WHICH HAVE PLACED THEM IN A BETTER POSITION THAN TURKEY TO EXPORT TO EC MARKETS. ECEVIT SPECULATED THAT THE IMPENDING EC ENLARGEMENT WILL FURTHER ERODE TURKEY'S POSITION. HE SAID THAT THESE CONSIDERATIONS, ADDED TO TURKEY'S PRESENT BROADER ECONOMIC CRISIS, ARGUE IN FAVOR OF IMPROVING THE EC-TURKISH ASSOCIATION AGREEMENT TO TURKEY'S BENEFIT. WHILE ECEVIT DID NOT OFFER ANY SPECIFIC SOLUTIONS, HE SAID THAT FUTURE ARRANGEMENTS SHOULD ENSURE THAT TURKEY'S ASSOCIATION AGREEMENT WITH THE EC WILL HAVE DISTINCT VALUE FOR TURKEY, SETTING TURKEY APART FROM COUNTRIES WHICH ARE NOT IN ASSOCIATION WITH THE COMMUNITY.

5. ACCORDING TO TICKELL, ECEVIT SAID TURKEY HAS NO

OBJECTION TO GREEK MEMBERSHIP IN THE EC AS SUCH, BUT IS WORRIED ABOUT GREECE'S POSSIBLE USE OF ITS VETO TO TURKEY'S DETRIMENT. ECEVIT SUGGESTED THAT THE GREEK-TURKISH DISPUTE SHOULD BE SETTLED BEFORE GREECE FINALLY JOINS THE EC. JENKINS RESPONDED THAT THIS IS IMPOSSIBLE SINCE GREEK-TURKISH PROBLEMS DERIVE FROM SEVERAL HUNDRED YEARS OF ANIMOSITY AND IT WOULD BE HARD TO PREDICT WHEN THE PRESENT CRISIS WILL HAVE WHOLLY PASSED. JENKINS ATTEMPTED TO REASSURE ECEVIT REGARDING A POTENTIAL GREEK VETO ON TURKEY'S RELATIONS WITH THE EC BY NOTING THAT

NOTE BY OC/T: DISSEMINATION COORDINATED WITH S/S-O, MR. SCOTT.

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HE HAD BEEN INSTRUCTED BY THE NINE FOREIGN MINISTERS IN COPENHAGEN LAST WEEK (REFTEL) TO SAY THAT "THE EC IS NOT PREPARED TO SEE GREECE BRING ITS DISPUTE WITH TURKEY INTO THE EC." (IN RESPONSE TO UNDER SECRETARY COOPER'S QUESTION WHETHER THE NINE HAVE MADE THIS SAME POINT TO THE GREEKS, TICKELL SAID THAT THIS HAS NOT YET BEEN DONE BUT WILL BE TAKEN UP WHEN THE COMMUNITY AND GREECE DISCUSS POLITICAL COOPERATION IN THE CONTEXT OF THE CURRENT ACCESSION NEGOTIATIONS.

6. ECEVIT CONTINUED THAT HIS REAL CONCERN IS THAT ALTHOUGH THE COMMUNITY MAY WISH TO MAINTAIN EVENHANDEDNESS ON GREEK-TURKISH MATTERS, ONCE GREECE IS IN THE COMMUNITY THERE WILL DEVELOP A "MORAL CLIMATE" FAVORING

GREECE, AND GREECE "WILL HAVE THE SAME INSTITUTIONALIZED LOBBY IN WESTERN EUROPE THAT IT NOW ENJOYS IN THE U.S. CONGRESS." JENKINS TRIED TO ALLAY THIS CONCERN BY EMPHASIZING THAT IN THE COMMUNITY'S POLITICAL COOPERATION FRAMEWORK, WHERE BROAD POLITICAL MATTERS ARE DISCUSSED, THERE IS NO VETO IN ANY CASE. (IN REPLY TO A CONFIDENTIAL

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QUESTION, COMMISSION REPS SAID THAT ECEVIT DID NOT RAISE THE POSSIBILITY OF TURKEY'S JOINING EC POLITICAL COOPERATION.)

7. JENKINS RAISED WITH ECEVIT TURKEY'S PROBLEM IN OBTAINING DEFENSE MATERIEL, AND TURKISH RELATIONS WITH THE U.S. ECEVIT SAID HE IS SORRY THE PROBLEM AROSE, THAT IT IS NOISOME, BUT THAT IT IS NOT YET CRITICAL. ECEVIT SAID THE U.S. CANNOT BE REGARDED AS WHOLLY RESPONSIBLE FOR THE PROBLEM, SINCE IT IS THE COLLECTIVE RESPONSIBILITY OF NATO. TURKISH PRIMIN ACKNOWLEDGED THAT THE CARTER ADMINISTRATION IS TRYING TO HAVE THE EMBARGO LIFTED AND SAID THAT OVER THE LONGER TERM HE HOPES TO MAKE TURKEY LESS RELIANT ON OUTSIDE COUNTRIES FOR ITS MILITARY SUPPLIES. ECEVIT ARGUED THAT THE DEMIREL GOVERNMENT HAD NOT DRAWN THE APPROPRIATE CONCLUSIONS FROM THE U.S. EMBARGO AND HAD FAILED TO FORMULATE TURKISH ECONOMIC DEVELOPMENT PLANS IN SUCH A WAY AS TO PROVIDE FOR AN EXPANDED DEFENSE PRODUCTION SECTOR.

8. TICKELL SAID ECEVIT AND JENKINS DID NOT DISCUSS CYPRUS.

9. HAFERKAMP PICKED UP THE DISCUSSION, NOTING THAT ECEVIT HAD RAISED WITH HIM THE POSSIBILITY OF EC PARTICIPATION IN JOINT VENTURES IN TURKEY WHICH WOULD CREATE NEW JOBS AND ASSIST ECONOMIC DEVELOPMENT. ECEVIT HAD ALSO TALKED ABOUT THE POSSIBILITY OF EC-TURKISH INDUSTRIAL COOPERATION IN THE MIDDLE EAST. HAFERKAMP REMINDED ECEVIT THAT THE COMMUNITY HAS CONCLUDED TWO FINANCIAL PROTOCOLS WITH TURKEY, WHICH TOGETHER WOULD ACCOUNT FOR ABOUT 450 MILLION DOLLARS IN LOANS, WHICH TURKEY HAS NOT YET RATIFIED. HE SUGGESTED THAT ECEVIT THINK OF RATIFYING CONFIDENTIAL

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THESE SOON IF HE WANTED TO SHOW QUICK DIVIDENDS FROM EC-TURKISH RELATIONS. HAFERKAMP FURTHER RECOMMENDED THAT THE EC AND TURKEY BEGIN TO TALK NOW ABOUT CONCRETE PROJECTS

FOR WHICH THE LOANS UNDER THESE PROTOCOLS MIGHT BE USED. ACCORDING TO HAFERKAMP, ECEVIT AGREED ON THE NEED FOR FORMULATING SPECIFIC PROJECT PROPOSALS AND SAID THE TURKS HAVE SOME IDEAS IN MIND. HE SPECIFICALLY MENTIONED A HARBOR PROJECT. HAFERKAMP SAID ECEVIT AGREED IT WOULD BE A GOOD IDEA IF EC AND TURKISH EXPERTS COULD JOINTLY EXPLORE OVER THE MONTHS AHEAD PROJECTS FOR WHICH THE EEC LOANS CAN BE USED.

10. IN REPLY TO A QUESTION, HAFERKAMP SAID THAT ALTHOUGH ECEVIT HAD UNDERScoreD TURKEY'S CURRENT ECONOMIC DIFFICULTIES, HE HAD NOT SPECIFICALLY MENTIONED BALANCE OF PAYMENTS PROBLEMS. HAFERKAMP SAID IT WOULD HAVE BEEN TACTICALLY BAD FOR THE COMMISSION TO HAVE MENTIONED THE MATTER, BUT THAT HE THOUGHT THAT IF AT SOME FUTURE TIME THE TURKS SHOULD ASK FOR MORE ASSISTANCE FROM THE EUROPEANS, SOMETHING MIGHT BE DONE.

11. UNDER SECRETARY COOPER SUGGESTED THAT THE COMMISSION'S APPROACH WAS CORRECT. HE RECOMMENDED THAT THE WEST EUROPEANS (AND THE U.S.) SHOULD LET SOME TIME PASS TO SEE WHETHER RECENTLY CONCLUDED IMF ARRANGEMENTS AND THE CURRENT DEBT RESCHEDULING EXERCISE WILL WORK BEFORE MAKING DECISIONS ABOUT FUTURE TURKISH NEEDS AND WESTERN ASSISTANCE. IN THIS CONNECTION, MR. COOPER NOTED THAT THE IMF FINANCIAL ASSISTANCE WILL NOT BE ABLE TO SOLVE TURKEY'S PROBLEMS ALONE BUT THAT HOPEFULLY THE RECENT IMF PACKAGE WILL DRAW PRIVATE CAPITAL TO TURKEY.

12. FROSCHMAIER (HAFERKAMP'S CHEF DE CABINET), COMMENTING ON HOW GREAT A NEED THERE IS FOR FINANCIAL ASSISTANCE THROUGHOUT MUCH OF SOUTHERN EUROPE, SAID THAT A WAY NEEDS TO BE FOUND TO TRANSFER LARGE RESOURCES TO SUCH COUNTRIES
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AS SPAIN, GREECE, TURKEY, PORTUGAL, AND PERHAPS OTHERS,

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ON A TIMELY AND ONGOING BASIS. HE WONDERED WHETHER THE U.S. MIGHT IN THEORY BE INTERESTED IN JOINING WESTERN EUROPE IN SOME KIND OF SCHEME DESIGNED TO MANAGE SUCH LARGE-SCALE RESOURCE TRANSFERS. HIS ROUGH ESTIMATE OF THE NEED WAS IN THE RANGE OF 3-4 BILLION DOLLARS A YEAR. MR. COOPER'S GENERAL ANSWER WAS THAT THE UNITED STATES WOULD NOT BE INTERESTED IN PARTICIPATING IN SUCH A SCHEME. HE NOTED THAT GIVEN CONGRESSIONAL ATTITUDES, THE CURRENT ORIENTATION OF U.S. AID IS TOWARD THE POOREST LDC'S AND FOR SPECIFIC PROJECTS. HE SAID THAT OF COURSE EXCEPTIONS CAN BE MADE IF NECESSARY IN SPECIFIC, INDIVIDUAL CASES. HE NOTED THAT THE U.S. HAS HELPED PORTUGAL SIGNIFICANTLY. TICKELL INTERVENED TO SAY THAT IT IS HIGHLY IMPROBABLE THAT THE COMMUNITY ITSELF WOULD AGREE TO THE KIND AND SIZE OF PROGRAM BEING SUGGESTED BY FROSCHMAIER. HINTON

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